



TBL Programs in Review Aug. 25 Technical Workshop Corporate & Shared Services Costs

Questions, Answers & Comments

Customer Comment: FTEs are permanent costs in BPA and are drivers of BPA costs.

A: We have a relatively low turnover rate of less than 5% in BFTE. BPA's FTE has been relatively constant over the last 30 years, and is lower today than it was 30 years ago, despite the significantly greater responsibilities which BPA now performs. We utilize our contractor FTE (CFTE) as a more flexible human resource capability.

Q1: Have you looked at whether the contractors are in the lower GS levels and whether you can equate the CFTE to a particular GS level?

A: It is variable. Many of the CFTE are in the computer sector. It was hard to attract computer people to the Federal sector. With the downturn in the economy, BPA has renegotiated the computer contracts or converted them to BFTE to save money. In addition, we have contractors in some functions performing lower-graded work that would have been performed by lower GS levels.

Q2: You dropped almost 300 people in Corporate from 1995 to 1997-- where did they go?

A: In the mid nineties, we had a series of Voluntary Separation Incentives (VSI) and Voluntary Early Retirement (VERA) offers. For a couple of years, about 300-350 people left BPA each year. More recently, we're losing about 200 a year across the whole agency.

Q3: How many of these people are coming back as CFTE?

A: We don't have a mechanism to track this. If they take a VSI payment, they can't come back for 5 years. While we know there are some people who leave BPA employment that continue to serve as contractors, my guess is it is a small number. We can't control who our contractors hire.

Q4: What are the CFTE projections based on?

A: They are based on a projection in March.

Q5: What will the numbers be after the IT reorganization?

A: Starting at the beginning of FY05 there is the big IT reorganization. The three functions in Corporate that would be affected are Shared Services, CIO, BES, and IT staff from the Business-lines.

Q6: Will it be a net increase or decrease in costs due to the IT reorganization?

A: There is an unofficial goal to reduce IT costs by 20% over time.

Q7: Are these lower costs reflected in PIR?

A: No, all the PIR costs and FTE are pre-IT reorganization. The budgets for the IT reorganization are not yet available.

Q8: What is included in the rest of corporate on the chart?

A: The Chief Financial Officer has 102 FTE. The Chief Risk Officer has another 25 FTE. The remainder can be found in the appendix. The largest group is in finance.

Q9: How many FTE are in Corporate Finance?

A: About 102.

Q10: How many FTE under the Chief Risk Officer?

A: There are 25. If you want more detail, every office FTE is detailed in the appendix.

Q11: In FY07 FTE projections for Corporate are listed as 689 and 679 on pages 8 and 9, which is right?

A: 679 is right.

Q12: What happened in 2001 to 2002 in TBL with CFTE?

A: There was an IT reorganization and the infrastructure projects.

Q13: Can we please get some charts with aggregate CFTE and BFTE?

A: Yes we will make that available and post it to the Web.

Q14: How do you track overall workforce costs? How do you know how well you are doing then?

A: The overall human resource contribution to BPA's work can be loosely aggregated from (1) the salary and benefits costs of Bonneville employees; from (2) the supplemental labor costs in BPA's budget; and from (3) the labor costs associated with support service contracts. This last category is extremely difficult to determine since BPA contracts with firms for services and results, not for specific numbers of contract workers. How a contractor provides the required services is up to the contractor. BPA does not ask for nor does it track the number of staff a contractor uses to accomplish the agreed upon work. As a category, service contracts cover a wide variety of activities from security services to conservation and other fish and wildlife mitigation efforts.

Q15: Have there been any major changes in allocations?

A: Yes with the development of the new organizations- Industry Restructuring, the Chief Risk Officer, and IT reorganization.

Q16: There is no Corporate rate case so how do these costs get split out between the business lines?

A: Well let's go through an example. With Safety, the Corporate costs of 7% would be split out 50/50 among the business lines so that the PBL total amount would be the sum of 5% (directly assigned to PBL) + 3.5% (1/2 of Corporate's 7%) = 8.5%.

Q17: If we were in a TBL rate case then we could see a copy of one of these direction of effort studies?

A: Yes, we could provide the basis for the direction of effort as part of the PIR process.

Q18: How often do you do studies?

A: Studies are done at varying times, typically when we are aware of circumstances that would cause us to revise the studies. Changes in emphasis for a particular area like Industry Restructuring or changed conditions would cause us to re-evaluate the cost pool. For example, after 9/11 we re-evaluated security and decided that no change was warranted at that time (costs may have increased, but how they are allocated to the business line did not).

Q19: What are the primary systems in BES you are referring to?

A: Peoplesoft (Human Resources, GL, A/P, A/R, Asset Management), Passport (Work management, work orders, etc.), EPM (budget module, warehousing), etc.

Q20: How is it that TBL gets 1/3 of the cost for risk management? Maybe you could go through each of these allocations and tell us what the methodology is?

A: For Safety, it is based on which business line benefits from the program. For Security, the basis is who does the work and what are the impacts. For BES, the allocation is based on a transaction study based on who uses the system. Industry Restructuring, is similar to Risk Management: who was brought in when the organization was formed, what assessment and studies are being completed, and who benefits. For Risk Management, the basis is who was doing the work in the business line, what is being done now, what are the functions.

Q21: What percent of Legal gets direct-charged?

A: You can see the direct charges in the appendix on page 25. There is \$1.6 million in direct charges and \$1.3 million of G&A.

Q22: Does that (distribution of Legal) happen prospectively or based on actuals?

A: Legal budgets in advance of the year. During the year, it tracks actual costs by work order. If during the year it is more than the budgeted amount, it notifies TBL and it is negotiated.

Q23: Are you showing us the direct and indirect charges in these amounts then?

A: Yes, both are there.

Q24: What is it that TBL has in the way of risk that would equate to 1/3 the risk of PBL (hydro risk, etc.)?

A: Currently the percentage is based on where the reorganized staff came from and what work they are doing. The Risk Office focuses on overall BPA risk including areas like credit risk management that will impact the business lines.

Q25: How is Civil Service Retirement System (CSRS) divided?

A: It is divided 50/50. It takes into account not only Bonneville FTE in both business line but also Corps and Bureau employees who do work.

Q26: Why isn't corporate held to the same standard as the business lines with respect to costs?

A: This was a point-in-time budget snapshot. This is from analysis for the SNCRAC and is about 6 months old. We are anticipating some savings. Most of the costs are FTE therefore it is hard to make changes.

Q27: Have IT changes been included? If not when will we know?

A: IT changes have not been included. Once we know the functions then we will reflect the changes.

Q28: If we could get the same discipline from Corporate and the business lines it would be helpful. Don't you all work for Steve Wright? He is the one who made the commitment on the PBL side to hold Corporate costs back to no more than the 2001 actuals. It would be helpful if you at least put in a plug number for the efficiencies you hope to get.

A: We have noted your comment and will pass it on.

Q29: Can we get a letter from TBL summarizing the changes in major expense items from what was originally shown in the PIR that affect the revenue requirement, e.g. Shared Service costs, interest, depreciation, etc. We need to know what program levels we are to comment on.

A: Yes, we can do that. We will post it to the Website.

Q30: How does the Corporate FTE number on page 7 (e.g. 717 in 2004) of the presentation match up with page 9 where the Corporate entities are listed separately?

A: On page 9 you have a total Corporate FTE line at the top of 717; this matches the 717 on page 7. Then on page 9 you would add together Legal, EF&W, Shared Services and the rest of Corporate to match the 717 number found in both those places.

Customer Comment: Thanks for the detail- we have not seen this level of detail on the PBL side.

Q31: Do any of these Shared Services functions also exist in TBL? The KEMA report said there was some duplication.

A: The following are two examples of a degree of duplication. Although Workplace Services in Shared Services has the print shop function, there are printers and copiers in the business lines. Also, although the agency mail services function is coordinated in Shared Services, mail is handled by field staff in some locations.

Q32: Are you going to address Pollution, Prevention and Abatement (PP&A) in EF&W?

A: We have the manager of PP&A coming in the afternoon to discuss expense budget; he can also cover capital if you have questions.

Q33: Do you look at outsourcing functions?

A: Workplace services currently outsource a couple of functions. As part of process improvement and efficiency, we regularly consider outsourcing and expect this consideration to be a part of the efficiency studies coming out of the KEMA recommendations.

Q34: What happened to the empty space in the 905 building (downtown Portland)?

A: We are planning to fill the empty space as a result of the efficiency studies and organizational changes resulting from the KEMA recommendations and other efforts. The goal is to optimize the headquarters space by the end of 2006.

Q35: On page 23 it shows that the FTE dropped from 426 to 352, so a drop of 75 employees. What happened to them?

A: About 15 went to Corporate, 20 went to TBL, and 35 left the agency.

Q36: Why didn't the costs on page 22 go down by as much of a percentage as the FTE drop?

A: The costs are dependent on the volume of transactions. Also only 1/3 of the Shared Services costs are labor.

Q37: What does the footnote on page 24 mean?

A: It means that we bill Corporate costs back to the business lines at a 50/50 split.

Staff Comment: If you look at page 26 you will see that 2001 lease costs were not billed in Workplace Services that is why you see the actuals much lower than the \$12.9 budget, reflecting an unrealistic cost comparison for lease costs in 2001.

Q38: So the costs shown on page 26 only show the TBL costs not the extra 50% of the 17% from page 24?

A: Yes

Customer Comment: So we are seeing an artificially low number.

Q39: There are quite a few engineering drawings?

A: Shared Services' management of these has saved TBL quite a bit of money.

Q40: If a business line found that Kinko's was cheaper, could they go to Kinko's for copying?

A: BPA's printing function is governed by directives from Washington, D.C. We are able to use private-sector printers under very limited circumstances. BPA has made an investment in the print shop which we don't want to strand.

Q41: Why is the square footage increasing when the FTE is decreasing?

A: The 2003 figures should be at least 795, if not higher. The actual square footage is reduced slightly in 2004.

Q42: So the square footage from 2001 was 625 and then in 2004 it was 785, why did that happen?

A: Because TBL FTE was increasing.

Q43: How is the agency handling the "pig in the snake" (retirement profile) with the hiring freeze?

A: We will still have new hires although we are not hiring as much.

Q44: Is the decreased in TBL FTE correlated to the shared services costs?

A: No, we may be able to show this in the closeout letter.

Q45: What is OWCP?

A: It stands for the Office of Workers Compensation Programs which is part of the Department of Labor. It is the workers compensation plan for federal civil service employees.

Q46: Is the TBL drop in FTE reflected in the Shared Services costs?

A: No.

Customer Comment: We would like them (Corporate / Shared Services and TBL) synced up and reflected in the revenue requirement.

Q47: One of the KEMA recommendations was to consolidate some functions. Is that reflected here?

A: No. The shared services functions listed in this package do not reflect KEMA recommendations.

Customer Comment: Nice to see you (Shared Services) are cutting costs.

Q48: When will you know about One BPA?

A: In the beginning of FY06 you will see major organizational changes.

Q49: How much in advance will you know about these major organizational changes?

A: It will be well into FY05. Some of these will be not only organizational changes but also system changes.

Q50: Would you (Corporate / Shared Services) be willing to consider a \$5 million cost cutting target?

A: This could be a comment/suggestion for Steve Wright.

Q51: Of the 23 KEMA recommendations, how will you implement them and how they will impact the TBL revenue requirement?

A: It is too early to know. We are just beginning to look at implementing KEMA recommendations so we are unable to identify exact costs or savings.

Customer Comment: KEMA could result in short-term cost increases to be able to make the changes we would be looking at.

Q52: Are building and leases affected by "One BPA?"

A: Yes.